

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
ACDA-12 AID-05 /081 W  
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R 240540Z APR 78  
FM USLO RIYADH  
TO SECSTATE WASHDC 423  
INFO AMEMBASSY JIDDA  
AMCONSUL DHAHRAN

C O N F I D E N T I A L RIYADH 283

C O R R E C T E D C O P Y (TEXT CORRECTED)

E.O. 11652: GDS  
TAGS: MASS, SA  
SUBJECT: F-15S AND CORPS OF ENGINEERS AGREEMENT

1. SUMMARY: ON APRIL 23 AMBASSADOR CALLED ON MINISTER OF DEFENSE, PRINCE SULTAN, TO REVIEW ACTIVITIES CONCERNING SALE OF F-15S AND TO BRIEF MINISTER ON PROPOSED NEW APPROACH WITH CORPS OF ENGINEER'S (COE) PROJECTS. PRINCE SULTAN WAS PLEASED WITH SUPPORT BEING GIVEN BY ADMINISTRATION TO F-15 SALE AND REITERATED THAT FRIENDSHIP WITH U.S. WAS DEEPER, MORE PERMANENT THAN ONE ISSUE JUST AS THE COOPERATION IN PRESENT SITUATION WAS PROVING. REGARDING COE, SULTAN AGREED IN PRINCIPLE TO ALTERING PROCEDURES ON COE PROJECTS SO AS TO REMOVE THEM FROM FMS CALCULATION.

2. AMBASSADOR OPENED SUBJECT OF F-15 SALES BY COMPLIMENTING EFFORT OF PRINCE SULTAN'S SON, PRINCE BANDAR. MINISTER INDICATED HE OPPOSED BANDAR'S INVOLVEMENT BECAUSE HE WAS HIS SON BUT WAS PLEASED TO KNOW HE WAS MAKING POSITIVE CONTRIBUTION.

3. AMBASSADOR TOLD SULTAN THAT PRESIDENT WOULD BE SUBMITTING  
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PROPOSAL FORMALLY TO CONGRESS ON APRIL 26. PRESIDENT HAS RESISTED STRONG PRESSURE BY COMMITTEES IN BOTH HOUSES OF CONGRESS TO DELAY SUBMISSION FOR A MONTH. HE AGREED TO DELAY ONLY UNTIL PANAMA CANAL VOTE AND THEN ONE ADDITIONAL WEEK FOR CONGRESS TO ACT ON ROUTINE BUSINESS. AMBASSADOR SAID PRESIDENT WAS ALSO UNDER CONSIDERABLE PRESSURE TO COMPROMISE, BUT SECRETARY AND PRESIDENT HAVE REFUSED EVEN TO LISTEN SAYING THAT THEY JUST NOT

INTERESTED IN COMPROMISE. SEN. BYRD HAS TOLD PRESIDENT FIGHT FOR F-15S WILL BE MORE BITTER AND FEROCIOUS THAN FOR PASSAGE OF CANAL TREATIES. IN VIEW OF MOST OBSERVERS, LOBBY GROUPS HAVE FOCUSED THEIR ATTACK ON SALE OF PLANES TO SAUDI ARABIA EVEN GOING SO FAR AS TO SAY THEY WOULD NOT FIGHT SALE OF AIRCRAFT TO EGYPT IF ADMINISTRATION WOULD WITHDRAW PROPOSAL FOR SAUDI ARABIA. AMBASSADOR CONCLUDING HIS REMARKS SAID HE WAS AT THIS STAGE CAUTIOUSLY OPTIMISTIC AND WOULD BE RETURNING TO WASHINGTON NEXT WEEK TO CONTINUE HIS EFFORTS IN SUPPORT OF SALE.

4. PRINCE SULTAN THANKED AMBASSADOR FOR HIS EFFORTS AND SAID HE HAD NO WORDS TO SAY HOW MUCH HE APPRECIATED ADMINISTRATION'S EFFORTS ON BEHALF OF SALE. NOTHING CAN MAR THE DEEP FRIENDSHIP EXISTING BETWEEN OUR TWO COUNTRIES. OUR RELATIONSHIP IS BASED ON NOBLER MORE SPIRITUAL VALUES. THESE ARE UNDERPINNINGS OF OUR FRIENDSHIP.

5. AMBASSADOR TURNED TO COE AGREEMENT AND DESCRIBED DIFFICULTIES WHICH ADMINISTRATION FACING IN TRYING TO CONVINCE OPPONENTS THAT LARGE DOLLAR FIGURE FOR FMS CASES IN SAUDI ARABIA GIVES AN ERRONEOUS PICTURE OF ACTUAL SITUATION. ONLY 10 PERCENT OF DOLLAR FIGURE IS FOR ARMS OR EQUIPMENT WHILE REMAINDER FOR CONSTRUCTION PROJECTS INCLUDING HOSPITALS, ROADS, ETC. OPPONENTS ONLY FOCUS ON TOTAL DOLLAR AMOUNT AND TRY TO EMBARRASS PRESIDENT IN HIS EFFORTS TO REDUCE VOLUME OF MILITARY SALES WORLDWIDE. AMBASSADOR SAID HE HOPED PRINCE SULTAN WOULD AGREE TO CHANGES IN COE  
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AGREEMENT THAT WOULD BASICALLY CHANGE THE ACCOUNTING AND BOOKEEPING BUT IN NO WAY CHANGE THE SERVICES PROVIDED BY COE. THIS WOULD HAVE EFFECT OF REMOVING DOLLAR VALUE OF CONSTRUCTION PROJECTS FROM FMS CALCULATIONS AND WOULD, THEREFORE, FREE ADMINISTRATION FROM GOING TO CONGRESS ON EACH PROJECT. AMBASSADOR ASSURED SULTAN THAT WE DID NOT WANT TO DO ANYTHING TO ALTER GOOD WORKING RELATIONSHIP BETWEEN SAG AND COE.

6. PRINCE SULTAN SAID THIS ISSUE WAS DISCUSSED TWO YEARS AGO IN TAIF AND SAG HAD MADE DECISION THEN TO MAKE CLEAR DISTINCTION BETWEEN ARMS PURCHASES AND EXPENDITURES FOR CONSTRUCTION. SULTAN SAID HE FAVORED ANY CHANGES THAT WOULD AVOID PROBLEMS AND HELP UNDERSCORE INNOCENCE OF SAUDI MILITARY PURCHASES. HE AGREED WITH AMBASSADOR'S SUGGESTION THAT BOTH SIDES GET TOGETHER AT STAFF LEVEL TO DISCUSS SPECIFICS.

7. COMMENT: PRINCE SULTAN WAS RELAXED AND CLEARLY PLEASED WITH EFFORTS OF ADMINISTRATION ON BEHALF OF SALE. OFTEN IN PAST SULTAN HAS BEEN AMONG MORE DIFFICULT MEMBERS OF ROYAL FAMILY VIS-A-VIS U.S. IN FACT HIS ATTITUDE WAS IN SOME CONTRAST TO GLOOMY AND PESSIMISTIC ATMOSPHERE OF AMBASSADOR'S MEETING WITH CROWN PRINCE (SEE SEPTTEL). REGARDING COE AGREEMENT, WE WILL BE

INSTRUCTING THE PROPER PERSONS TO OPEN DISCUSSIONS WITH SAUDI  
COUNTERPARTS TO EFFECT CHANGES THAT WOULD REMOVE CONSTRUCTION  
PROJECTS FROM FMS CALCULATIONS.  
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## Message Attributes

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